Nursing Facility Provider Fee Invoicing Process

Implementing HB 08-1114

Colorado Department of Health Care Policy & Financing
Thursday, April 23, 2009

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NF Provider Fee Invoicing

Background

- Invoice Packets for the Nursing Facility Provider fee were sent on 4/10/2009.
- Packet Contents
 - Cover Letter with total fee owed and new interim rate.
 - Webinar Invitation
 - Provider Fee Invoicing Document
 - Attachment A: Invoicing Flowchart
 - Invoices for Periods 1-3
 - Invoices for May and June
- Management companies also received a packet with similar contents.

Background

- Who Does What
 - NF Provider Fee Accountant: 303-866-3820
 - Invoice Questions
 - Late Payment / Penalty questions.
 - Nursing Facility Section Staff:
 - Diane Taylor: 303-866-2336
 - Dick Gallagher: 303-866-2858
 - Questions regarding fee calculation, calculation of interim rates.

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Background

- This presentation covers the system implemented by HB 08-1114 only.
- This process, as described, covers the period of July 1, 2008 to June 30, 2009.
- Senate Bill 09-263 contains substantial changes to this model, which will take effect in July, 2009.
- This presentation does not address components of SB 09-263.



Introduction

- HB 08-1114 created a new Medicaid reimbursement system for Class 1 nursing facilities who provide for general skilled nursing care to residents who require 24 hour care.
- The new system is funded by a fee assessed to all nursing facility providers which meet state licensing requirements.
- There are exemptions to the fee assessment, as defined in the law.

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Provider Fee Groups

• FY 08-09 Per Diem Provider Fee Amounts:

Type of Facility	Total Facilities	Fee Per Day
Hospital-Based, CCRC, CCRC-Like, State Facilities, < 45 Lic. Beds	60	\$0.00
55,000 Total Days or More	10	\$1.15
Less than 55,000 Total Days	143	\$6.43



Source of Days

- The total annual provider fee due is calculated by multiplying total non-Medicare days by the provider fee per diem amount (previous slide).
- The Department used the most recent quarterly census data from the Department of Public Health and Environment to calculate the number of total days and total non-Medicare days for each facility.
- In the future, the Department plans to use a modified Med-13 form and a days survey on each invoice to collect this data (discussed in further detail on Slide 26).

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Components of the Provider Fee

- <u>Cognitive Performance Scale (CPS)</u> A supplemental add-on to the daily rate for those residents with severe cognitive dementia or acquired brain
- Preadmission Screening and Resident Review Assessment Tool (PASRR 2) A supplemental add-on for those residents who have severe mental health conditions that are classified at Level 2 under this assessment tool.
- <u>Pay For Performance</u> A supplemental add-on to providers who add services that result in better care and higher quality of life for their residents.
- Provider Fee Offset Payment A supplemental add-on to offset the cost of paying the provider fee.
- <u>State Expenditure Growth Beyond 3 Percent</u> All growth in State General Fund expenditure beyond 3% of the prior year will be funded from the
- Administrative Cost Costs incurred by the Department of Health Care Policy & Financing in order to administer the program.



Interim Rates - FYE 08-09

- The issuance of this interim, unaudited rate was required by the terms of HB 08-1114 in conjunction with the state budget restrictions for the state fiscal year ending on June 30, 2009.
- New rules which further address the implementation of the statute were approved by the Medical Services Board on April 10, 2009.
- The new rule changes include reclassification of costs between Health Care and Administrative and General differently than the old rules.
- Because the reclassification process is not yet complete, the July 1, 2008 interim rate in the invoice packets is not the final rate.
- Once the reclassification process is complete, each facility will receive a final July 1, 2008 rate.
- For more information, please refer to the section entitled "Interim Rates for Fiscal Year End 08-09 in the invoicing process document in your packet.
- The interim rate was loaded into the MMIS during the week of April 13, 2009.



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Retroactive Fee and Reimbursement

- In order to remain in compliance with HB 08-1114, the Department must collect the entire provider fee due by June 30, 2009.
 - To facilitate collection and protect provider cash flow, the Department has separated the retroactive payment and reimbursement into 3 Retro Periods.
 - In order to protect provider cash flow, the Department will also mass-adjust the claims for Periods 1 and 2 <u>before</u> the provider payment for Periods 1 and 2 are due.
- The following 10 slides describe the deadlines and payment schedule for the three retroactive periods.

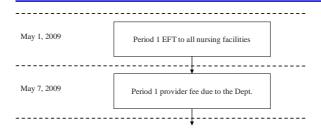


Non-Medicaid Providers

- Some Non-Medicaid providers are required to pay the Nursing Facility Provider Fee.
- These providers are not bound by the individual payment deadlines, as long as the total amount due from their facility is received by the Department on or before June 30, 2009.
- Fee payments not received by the June 30, 2009 deadline may be subject to collections referrals and/or penalties yet to be determined.

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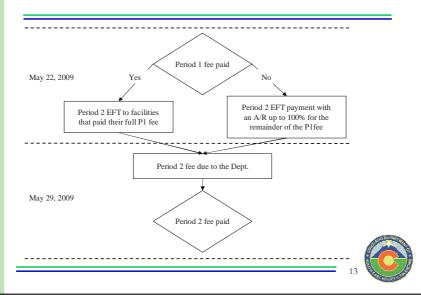
Period 1



- Period 1 covers claims from 7/1/2008 10/31/2008
- Period 1 Mass Adjustment occurs before first fee payment is due.



Period 2



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Period 2

- Period 2 covers claims from 11/1/2008 1/31/2009.
- As in Period 1, the mass adjustment for Period 2 will occur before the Period 2 Fee due date (May 29, 2009)
- The Mass Adjustment will occur regardless of whether Period 1 has been paid in full.
- Amount of EFT Deposit or check will depend on whether Period 1 fee was paid

Period 2: Accounts Receivable Transactions

- If fee is not paid by May 7, 2009, the Department will set up an Accounts Receivable transaction (A/R) up to 100% against the Period 2 Mass Adjustment.
- The May 22nd EFT for these providers will equal the remainder of their scheduled mass adjustment after any unpaid fee balance is collected through the A/R.
- If the unpaid fee balance for Period 1 is greater than the total Period 2 mass adjustment, the remainder will continue as an A/R at 25% until the outstanding balance is paid.

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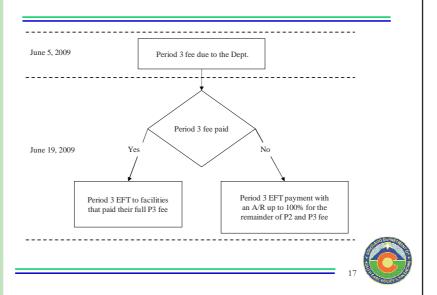
Period 2: Accounts Receivable Transactions - Examples

Example 1: P2 Reimbursement > P1 Fee			
Period 1 fee =	\$ 6,500.00		
Period 2 reimbursement =	\$ 7,000.00		
Period 2 EFT =	\$ 500.00		
Remaining A/R on Account =	\$ 0.00		

Example 2: P2 Reimbursement < P1 Fee			
Period 1 fee =	\$	8,000.00	
Period 2 reimbursement =	\$	6,000.00	
Period 2 EFT =	\$	0.00	
Remaining A/R on Account =	\$	2,000.00	



Period 3



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Period 3

- Period 3 covers claims from 2/1/2009 4/30/2009.
- Some March and April claims may have already been paid at the higher interim rate by the time the Period 3 mass adjustment occurs.
- Unlike Periods 1 and 2, the Department has scheduled the Period 3 due date prior to the Mass Adjustment date.
- The Department has determined that if most facilities follow the payment schedules for Periods 1 and 2, they should not have cash flow problems regarding Period 3.

Period 3: Accounts Receivable **Transactions**

- Period 3 Accounts Receivables operate in the same manner as Period 2 A/R's.
- Any unpaid fee balance from Periods 1, 2, or 3 will be set up as A/R's on the final retroactive payment on June 19, 2009.
- This A/R will remain in place on claims until the entire balance is paid.

Example 3			
Remaining Period 2 fee =	\$2,000.00		
Period 3 Fee =	\$5,000.00		
Period 3 reimbursement =	\$6,000.00		
Period 3 EFT =	\$0.00		
A/R on future claims =	\$1,000.00		

NF Provider Fee Invoicing

Basic (Monthly) Invoicing **Procedure**

- · May and June will be collected according to the standard invoicing procedures as intended in the
- Invoices will be sent for each month, equal to 1/12 of the total annual fee.
- Providers will have no later than 30 days from the end of the invoice month to remit payment.
- According to the basic process, providers receive increased per diem rates prior to the due date of the fee.

Basic Invoicing Timeline

- Monday, April 13: Department begins loading new interim rates into the MMIS.
 - Fee for April will be collected as part of the Period 3 fee payment, due on June 5.
 - Claims will begin to reimburse at the new interim rate sometime in mid-April.
 - This interim rate will cover all claims through the end of the fiscal year.



NF Provider Fee Invoicing

Basic Invoicing Timeline

- Friday, May 29: May payment is due to the Department.
 - This payment covers claims from May 1-31.
 - This due date is also the same due date as the Period 2 fee payment.
- Friday, June 26: June payment is due to the Department.
 - The Department must ensure that June's payment is collected during the 2009 Fiscal year.

Basic Penalty Structure

- The following penalty structure is designed for late or missed payments on regular monthly invoices. These penalties do not apply to the Periods 1-3 invoices.
- The penalty structure is established as authorized by 10 CCR 2505-5 Volume 8.443.17.C

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Basic Penalty Structure

Medicaid Providers

- 1% of the monthly fee assessment will be added to the next month's provider fee invoice for each day that the payment is late to the Department, up to a maximum of 10%.
- If the facility does not pay the fee within the 10 day maximum, the Department will set up an accounts receivable transaction against the Nursing Facility's account in the MMIS.
- The overdue provider fee assessment, as well as the 10% administrative penalty, will be subtracted from that facility's next claims payment.



Basic Penalty Structure

- Non-Medicaid Providers
 - 1% of the monthly fee assessment will be added to the next month's provider fee invoice for each day that the payment is late to the Department, up to a maximum of 10%.
 - Invoices in excess of two months late will be referred to collections.

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Utilization Survey

- To improve the Department estimate of total days and Non-Medicare days, each invoice includes a Days Survey
- Example completed surveys for two months are provided below.

Utilization	Survey	Total Patient Days	Medicaid Patient Days	Medicare Patient Days
Previous Month	June	2753	197	2069
Current month	July	2760	205	2075
Next Month	August	2765	203	2078

Utilization	Survey	Total Patient days	Medicaid Patient Days	Medicare Patient Days
Previous Month	July	2760	202	2076
Current month	August	2764	203	2075
Next Month	September	2766	208	2073

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Utilization Survey

- The Department plans to use modified Med-13 reports to replace these surveys for Medicaid Providers in the future.
- Providers who do not complete the Med-13 report will continue using the Days Survey as described.



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General Questions & **Dispute Resolution**

- Invoicing questions and disputes are handled by the Controller Division at the Department.
 - NF Provider Fee Accountant: 303-866-3820
- Rate calculation questions are handled by the Nursing Facility Section.
 - Diane Taylor (2336) & Dick Gallagher (2858)
- Questions specifically related to the retroactive invoicing process are handled by the Rates Section.
 - Sean-Casey King (6025) & Jeff Wittreich (2456)

Frequently Asked Questions

- Will the Department accept wire transfers?
 - Currently the Department is unable to accept wire transfers. However, there are plans to eventually convert the collection and payment of the provider fee to electronic transfer payments.
- When will the new interim rate be available for claims?
 - The new interim rate was loaded during the week of April 13, 2009. The rate has an effective begin date of July 1, 2008. All new claims submitted will be paid at the interim rate.

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Frequently Asked Questions

- My facility would like to be considered for the PASRR II Specialized Program payment, is that included in the interim rate?
 - No, but it will be included as soon as the application process is finalized and facilities are enrolled. Claims for FY 08-09 will be adjusted to include this information once the program is established.
- What happens on July 1 when the program design changes to match SB 09-263?
 - The day-to-day process of fee collection has not yet been designed, but similar documents and trainings will go out before the new system goes into effect.

